

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01

INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

USIA-06 PRS-01 NEA-06 /100 W
----- 118969

R 200005Z DEC 74

FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 5310
INFO AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY PARIS

C O N F I D E N T I A L MEXICO 10616

E.O. 11652: GDS

TAGS: ENRG, PFOR

SUBJECT: 7.4 BILLION BARRELS ARAB OIL AVAILABLE TO US
OVER NEXT SIX YEARS AT LESS THAN OPEC PRICES; MORE, IF
DESIRED

REF: MEXICO 10346, 10376

1. MEXICAN "INDUSTRIALIST" CHAHIN RETURNED FROM PARIS
DECEMBER 17 AND CALLED AT EMBASSY DECEMBER 18, 19 TO CONFIRM
DETAILS REPORTED REFTELS, NAMELY:

A) ONE BILLION METRIC TONS ARAB OIL (7.4 BARRELS PER TON)
OFFERED BY ARAB PRODUCING COUNTRIES TO U.S. THROUGH ARRANGE-
MENTS COMPLETED IN PARIS DECEMBER 13 AND 16, 1974 BETWEEN
MAMODE ABDOOL GAFOOR/CHAHIN OF MEXICO AND ASSOCIATES.
(GAFOOR IS ARAB REPRESENTATIVE, PRESIDENT OF ISLAMIC BANK
IN PARIS AND PRESIDENT, MUSSULMAN UNIVERSAL COMMUNITY).

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B) CONTRACT TO EFFECT STATED SIGNED PARIS DECEMBER 13

AND DULY NOTARIZED BY NOTARY PUBLIC M. PHILIPPE GUITTON,
OF 19 BOULEVARD DE COURCELLES. ADDITIONAL PROTOCOL
SIGNED PARIS DECEMBER 16 BY SAME PARTIES, NOTARIZED
BEFORE SAME NOTARY PUBLIC. (COPIES MADE AVAILABLE TO
EMBASSY, MEXICO CITY.)

C) KING FAISAL OF SAUDI ARABIA REQUESTS THAT
PRESIDENT FORD BE INFORMED.

D) CHAHIN PLANS RETURN TO PARIS AS SOON AS ARRANGEMENTS
COMPLETED WITH MEXICAN OR U.S. BANK TO HANDLE FINANCIAL
TRANSACTIONS (DEPOSITORY OF PAYMENTS, DISTRIBUTION
OF PROCEEDS, ETC.).

E) AS SOON AS BANKING ARRANGEMENTS COMPLETED OIL AVAILABLE
TO U.S. INTERESTS; MORE THAN AMOUNT SPECIFIED IF
DESIRED.

F) U.S. PURCHASERS (REFINERIES, OIL IMPORTERS) TO SPECIFY
TO CHAHIN AND ASSOCIATES SOURCE OF OIL DESIRED (E.G.
SAUDI ARABIA, IRAN, NIGERIA) QUALITY OF SAME, QUANTITY
AND DELIVERY DATA. THESE ORDERS WILL BE PROCESSED BY
MEXICAN CONSORTIUM THROUGH GAFOOR DIRECTLY TO OIL
PRODUCERS.

G) PRICE WILL THEN BE DETERMINED BY GAFOOR IN CONSULTATION
WITH PRODUCERS ON UNDERSTANDING THAT SAID PRICE WILL
BE SOME TEN PERCENT LESS THAN OPEC RATES. IN THIS
CONNECTION, EMBASSY UNDERSTANDS THAT SOME US IMPORTING
COMPANIES ARE OBTAINING PRICES AT 93 PERCENT OF CURRENT
OPEN MARKET RATES, AND EMBREP SO STATED TO CHAHIN. HIS
REPLY WAS "WE WILL SELL FOR LESS."

2. COPIES OF DECEMBER 13 CONTRACT AND DECEMBER 16
SEPARATE PROTOCOL ("DELEGATION") BEING POUCHED TO
DEPARTMENT. IT WILL BE NOTED THAT CHAHIN APPEARS AS
JSEUS CHAHIN SIMON, THE SIMON BEING HIS MATRONYM.

3. CHAHIN ADVISED FURTHER THAT ONE PARTNER HAS
PROCEEDED TO SPAIN WHICH, AS PREVIOUSLY REPORTED, WANTS
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SUBSTANTIAL QUANTITY OIL.

4. IN REPLY TO EMBASSY QUERY HE STATED THAT ONE OF HIS
AMERICAN PARTNERS (PROBABLY BRENNAN) WOULD BE WILLING
PROCEED WASHINGTON TO MEET WITH US ENERGY AUTHORITIES
AND/OR INTERESTED IMPORTING COMPANIES AT TIME AND DATE
CONVENIENT TO LATTER. HE URGED SPEEDY ACTION.

5. CHAHIN FURTHER ADVISED THAT GAFOOR HAS BEEN MIDDLEMAN FOR ARAB OIL PRODUCERS IN THEIR SALES TO FRANCE FOR PAST 20 YEARS; THAT THE PRESENT OIL OFFERED TO THE U.S. WAS WANTED BY FRANCE BUT THAT FAISAL DIVERTED IT TO THE U.S. TO STRENGTHEN PRESIDENT FORD'S HAND IN MARTINIQUE MEETING WITH FRENCH PRESIDENT.

6. COMMENT: EMBASSY HAS ENDEAVORED REPORT THESE DEVELOPMENTS FOR WHAT THEY ARE WORTH. IT NOTES THAT PROGRAM ANNOUNCED IN ADVANCE BY CHAHIN HAS BEEN IMPLEMENTED AND CONTRACTS SIGNED, WITH ONE EXCEPTION; GAFOOR PREFERRED DEAL DIRECTLY WITH CHAHIN AND PARTNERS, AND NOT THROUGH THE LIECHTENSTEIN COMPANY AS PREVIOUSLY CONTEMPLATED.

AS TO WHY THE OIL WAS BEING MADE AVAILABLE TO U.S. IN THIS ROUNDABOUT WAY, CHAHIN SAID HE TOO HAD WONDERED AT THAT AND QUESTIONED GAFOOR ABOUT IT. EMBASSY UNDERSTANDS THAT GAFOOR EXPLAINED THAT THE MEXICAN INTERMEDIARY WAS SANCTIONED PERSONALLY BY KING FAISAL, WHO WANTS COOPERATE WITH U.S. IN PRESENT CRISIS BUT IS PUBLICLY BOUND AS OPEC MEMBER, HENCE HAS CHOSEN THIS MEANS. CHAHIN REPORTED THAT GAFOOR TALKED PERSONALLY BY TELEPHONE WITH FAISAL, IN THEIR PRESENCE, DURING THE FINAL NEGOTIATIONS. IT WILL BE RECALLED THAT GAFOOR VERIFIED FACT THAT CHAHIN OF ARAB DESCENT, THAT HE (GAFOOR) WAS PUT IN CONTACT WITH CHAHIN BY PRINCESS JANNE OF RUMANIA, PRESIDENT OF THE ISLAMIC BANK, LONDON, WHO HAS NGOTIATED SEVERAL ARAB/ BRITISH OIL DEALS WITH GAFOOR AND IS QUITE FRIENDLY WITH MEXICO.

(FYI. AS PROMISED, CHAHIN CALLED SCICOUNS SIMONPIETRI FROM PARIS, DECEMBER 17. HOWEVER, SINCE HE WAS RETURNING IMMEDIATELY TO MEXICO, EMBASSY PREFERRED AWAIT DETAILS
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AND DOCUMENTATION FROM HIM PERSONALLY TO PRESENT WRAP-UP INSTEAD OF INTERIM REPORT. CHAHIN AND ASSOCIATES CALLED AT U.S. EMBASSY PARIS. SINCE SCICOUNS SALMON ABSENT, TALKED WITH SOMEONE ELSE (MARTIN, QUESTION MARK) WHO UNFAMILIAR WITH MATTER, SO NO ONE FROM U.S. PRESENT AT CONTRACT SIGNING CEREMONY. END FYI.)

7. ADDITIONAL DETAILS ON SEPARATE FINANCIAL MATTERS BY SEPTTEL. JOVA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRICE TRENDS, TRADE DATA, BARRELS (CONTAINERS)
Control Number: n/a
Copy: SINGLE
Draft Date: 20 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
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Review Content Flags:
Review Date: 06 MAY 2002
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Review Exemptions: n/a
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US Department of State
EO Systematic Review
30 JUN 2005

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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
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TAGS: ENRG, PFOR, MX, US, OPEC, (GAFOOR), (CHAHIN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005